

November 9, 2012

Members of the Board of Education
Taylor County Board of Education
Campbellsville, Kentucky

In planning and performing our audit of the financial statements of Taylor County School District for the year ended June 30, 2012, we considered the Board's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters, but we would first like to address the progress of the management letter points from the previous audit.

The management letter from the previous fiscal year discussed four points with respect to strengthening internal controls within the school activity funds.

In connection with our tests for the activity funds, the following observations were made concerning the prior year management letter points:

FIDUCIARY FUNDS

Taylor County Elementary School

Condition: Several Purchase Orders were found dated after the date of invoice.

Observation: Current year audit procedures revealed only two occurrences that P.O.'s were dated after the purchase.

Taylor County High School

Condition: Booster club annual financial reports for the Band Boosters, the Touchdown Club and Cheerleading were not submitted to the principal by July 25 as required by "Red Book".

Observation: Band Boosters financial report was submitted timely. The Touchdown Club is now an activity fund for the High School. The booster club for cheerleading was not submitted to the High School by July 25th along with five other booster clubs. All booster clubs that were late in submitting the financial reports subsequently submitted them within a few days after July 25th.

Condition: Timely submitted booster club annual financial reports were submitted by Girls Soccer, Girls Basketball, Boys Basketball, Softball, Volleyball, Men's and Lady's Bowling but without the proper documentation as required by the "Red Book".

Observation: Booster club financial reports were submitted with proper documentation.

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The following memorandum discusses the current year management letter points. We will review the status of these comments during our next audit engagement. We would like to offer our assistance throughout the year if and when new or unusual situations arise. Our awareness of new developments when they occur would help to ensure that the Board is complying with requirements such as those mentioned in the following memorandum.

Sincerely,

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants
Campbellsville, Kentucky

UNCORRECTED PRIOR YEAR COMMENTS

FIDUCIARY FUNDS

Taylor County High School

Condition: FFA had a fundraiser in which the Fundraiser Worksheet was used but an audit trail of receipts and disbursements could not be followed because of the lack of proper documentation on the Fundraiser Worksheet. The Fundraiser Worksheet sections 3 & 4 contains cells to document individual daily receipts and individual expense checks so that the activity can be traced from the worksheet to the activity fund ledger

Observation: FFA held a Truck and Tractor Pull fundraiser in which the revenue could not be traced to the ledger due to lack of individual deposits for fundraiser being properly documented.

Management's Response: We will communicate with the FFA sponsor concerning properly documenting the fundraising activities for all of their future fundraising events.

CENTRAL OFFICE:

Condition: Multiple Purchase Orders were found dated after the date of invoice. This is almost exclusively concerning the maintenance department.

Observation: Audit procedures revealed two occurrences where purchases were made before approval that exceeded the Superintendent's verbal threshold approval amount of \$500.

Management's Response: We believe the two occurrences found that deviated from our purchasing approval process were due to emergency situations in which purchases had to be made quickly to avoid further costs to our District. The controls over purchases are believed to be strong. Management will review procedures concerning emergency purchases within the finance department.

CURRENT YEAR COMMENTS:

No additional current year comments to report.